

## 2012 Proposed Budget Financial Plan

Seattle City Light (Fund 41000)

Amounts in \$1,000s	2010 Actuals	2011 Adopted	2011 Revised	2012 Proposed	2013 Projected	2014 Projected	2015 Projected
<b>Beginning Cash Balance</b>	<b>64,335</b>	<b>183,549</b>	<b>197,133</b>	<b>303,937</b>	<b>265,834</b>	<b>304,418</b>	<b>286,328</b>
Carry Forward / Encumbrances/Adjustments							
<b>Revised Beginning Cash Balance</b>	<b>64,335</b>	<b>183,549</b>	<b>197,133</b>	<b>303,937</b>	<b>265,834</b>	<b>304,418</b>	<b>286,328</b>
<b>Revenues</b>	<b>893,105</b>	<b>1,017,693</b>	<b>980,930</b>	<b>1,087,514</b>	<b>1,162,754</b>	<b>1,190,875</b>	<b>1,165,666</b>
Retail Power Sales before Discounts	608,597	651,528	664,499	678,946	734,321	784,223	816,805
Revenue from RSA Surcharge	18,349			4,198	13,709	11,642	1,172
Wholesale Power, Net	54,151	96,824	110,552	60,471	104,254	101,041	99,097
Power Contracts	19,829	21,207	17,056	15,962	16,548	17,020	16,057
Power Marketing, Net	14,086	15,608	16,099	7,953	8,430	8,947	7,319
Other Outside Sources	31,379	30,140	31,307	34,512	30,381	31,168	32,237
Interest on Cash Accounts	3,846	4,514	5,187	5,378	6,721	8,188	10,278
Cash from (to) Rate Stabilization Account	(54,266)	(22,033)	(33,412)	36,945	(13,661)	(12,514)	(3,828)
Cash from Contributions	21,285	31,608	15,917	30,388	26,521	23,395	23,546
Cash from Bond Proceeds	175,848	188,297	153,726	212,762	235,530	217,765	162,983
<b>Expenditures</b>	<b>(760,306)</b>	<b>(975,216)</b>	<b>(874,125)</b>	<b>(1,125,617)</b>	<b>(1,124,169)</b>	<b>(1,208,966)</b>	<b>(1,134,466)</b>
Power Contracts	(268,865)	(272,929)	(257,391)	(266,099)	(295,328)	(307,695)	(317,231)
Production	(28,309)	(34,916)	(33,506)	(35,792)	(36,577)	(37,699)	(38,904)
Transmission	(7,616)	(9,468)	(8,772)	(9,659)	(9,874)	(10,095)	(10,323)
Distribution	(54,630)	(67,199)	(63,996)	(67,974)	(66,597)	(68,080)	(69,688)
Conservation	(3,215)	(11,031)	(7,184)	(11,572)	(8,248)	(8,456)	(8,647)
Customer Accounting	(28,106)	(29,999)	(30,034)	(30,601)	(31,239)	(31,936)	(32,689)
Administration	(47,558)	(70,223)	(66,166)	(64,926)	(79,789)	(75,591)	(72,422)
Rate Discounts	(6,410)	(6,826)	(6,949)	(7,011)	(7,605)	(8,079)	(8,404)
Uncollectable Accounts	(8,030)	(5,848)	(6,331)	(6,098)	(6,591)	(7,037)	(7,331)
Taxes and Franchise Payments	(70,381)	(73,623)	(74,900)	(78,044)	(85,108)	(90,316)	(92,695)
Debt Service	(118,372)	(142,659)	(142,080)	(172,815)	(177,824)	(196,653)	(206,318)
Capital Expenditures	(218,610)	(290,700)	(290,287)	(319,831)	(334,096)	(323,567)	(278,231)
Technical and Accounting Adjustments	99,798	40,206	113,470	(55,196)	14,708	(43,762)	8,416
<b>Ending Cash Balance</b>	<b>197,133</b>	<b>226,026</b>	<b>303,937</b>	<b>265,834</b>	<b>304,418</b>	<b>286,328</b>	<b>317,528</b>
<i>Revenues minus expenditures</i>	<i>132,798</i>	<i>42,477</i>	<i>106,805</i>	<i>(38,103)</i>	<i>38,584</i>	<i>(18,091)</i>	<i>31,200</i>
<b>Reserves</b>	<b>(140,201)</b>	<b>(115,069)</b>	<b>(142,308)</b>	<b>(103,760)</b>	<b>(213,655)</b>	<b>(203,951)</b>	<b>(232,089)</b>
Construction Account	(56,981)		(13,808)		(75,449)	(29,504)	(28,075)
Other Restricted Accounts	(3,954)	(13,966)	(15,823)	(28,027)	(48,812)	(72,539)	(98,277)
Operating Contingency Reserve							
Rate Stabilization Account	(79,266)	(101,103)	(112,678)	(75,733)	(89,394)	(101,908)	(105,736)
<b>Unreserved Ending Cash Balance</b>	<b>56,932</b>	<b>110,957</b>	<b>161,629</b>	<b>162,074</b>	<b>90,764</b>	<b>82,377</b>	<b>85,439</b>

### NOTES:

The Financial Plan represents the forecasted cash flows used in the utility's Financial Planning Model as of 8/12/11 to evaluate City Light rate impacts, potential bond offerings, and the financial performance of the utility. It differs from the revenue and expenses shown in the 2011 Adopted and 2012 Proposed Budget in several ways, including:

The Financial Plan shows Wholesale Revenue and Power Marketing Revenue as net of expenses, while the budget reflects the gross revenues and expenses of these functions.

The Financial Plan shows retail revenue as gross revenue, while the budget's Revenue Table shows retail revenue net of rate discounts to low-income

The Financial Plan explicitly shows bond proceeds as a source of funds, while bond proceeds are embedded within the transfer line of the budget's Revenue

The Financial Plan shows revenue from the Rate Stabilization Account (RSA) surcharge and transfer from/to the RSA, while the budget's Revenue Table shows revenues from the RSA surcharge only.

The Financial Plan projects 2012 net wholesale revenue based on the financial forecast as of 8/12/11, which is \$41.6 million lower than the RSA target amount of net wholesale revenue. Because of this shortfall, the Financial Plan also projects \$4.2 million revenue from an RSA Surcharge in 2012. The 2012 Proposed Budget uses the RSA target amount for net wholesale revenue (the 2012 Revenue Budget uses the corresponding gross wholesale revenue amount which is \$63.1 higher than the 8/12/11 forecast), and assumes that there will be no RSA Surcharge revenue in 2012 and that the RSA cash balance will remain the same level in 2012 as at 2011 year-end.

Financial Performance	2010 Actuals	2011 Adopted	2011 Revised	2012 Proposed	2013 Projected	2014 Projected	2015 Projected
Average System Rate before Discounts (\$/MWh)	\$64.70	\$69.17	\$68.88	\$70.49	\$75.88	\$80.47	\$83.23
Rate Change from Prior Year (Systemwide)	13.8%	4.3%	4.3%	3.2%	7.6%	6.0%	3.4%
Retail Market Information							
Average Residential Monthly Bill (before discount)	\$51.71	\$53.81	\$53.50	\$54.97	\$60.28	\$63.52	\$65.02
Percentage Change	17.5%	1.9%	3.5%	2.8%	9.7%	5.4%	2.4%
Cash Financing of CIP							
In-Year Percentage	20%	35%	47%	33%	30%	33%	41%
2011-2016 Average Percentage	n/a	41%	38%	38%	38%	38%	38%
Debt Service Coverage	1.78	1.80	2.09	1.79	1.80	1.80	1.80

**Notes:** The data source for 2010 Actuals for all Financial Performance indicators except for Debt Service Coverage is the current rate forecast for 2011-2015  
The Seattle City Light 2010 Annual Report is the data source for 2010 Actual Debt Service Coverage.

The Average Residential Monthly bill is reported as calculated in the financial forecast model Key Financial Indicators table, which assumes that average residential consumption is 710kWh